

Message Text

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44

ACTION OPIC-06

INFO OCT-01 AF-04 ISO-00 EB-07 L-02 SP-02 OMB-01 TRSE-00

/023 W

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R 181020Z DEC 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 1066

C O N F I D E N T I A L LUSAKA 2575

PASS OPIC FOR GREGG

E.O. 11652: N/A

TAGS: EFIN, ZA

SUBJECT: TAW AGAIN

REF: A) LUSAKA 2371 B) NOV 19 MEMCON TO AF/DAS BLAKE,
AF/E AND OPIC'S GREGG

1. JUST BEFORE RETURNING TO NEW YORK AFTER ONE WEEK IN ZAMBIA
TOM WOOD STOPPED IN AT EMBASSY LATE DEC 17 TO BRIEF US ON
CURRENT STATUS OF HIS NEGOTIATIONS WITH GRZ. HE CONVINCED
GOVERNMENT SERIOUSLY INTERESTED IN SETTLING OUT OF COURT
AND AVOIDING ARBITRATION. LATEST DEVELOPMENT IS ENTRY OF
PROMINENT LOCAL LAWYER (MUNG'OMBA OF JACQUES PARTNERS),
OSTENSIBLY REPRESENTING NATIONAL TRANSPORT CORP., BUT
OBVIOUSLY BROUGHT IN TO TAKE SOME OF POLITICAL HEAT AND
PROFESSIONAL BURDEN OFF SOLICITOR GENERAL CHIBESAKUNDA.

2. WOOD HAS ASKED MUNG'OMBA FOR LETTER CLARIFYING EXPRESSED
GRZ INTENTION TO MAKE OUTRIGHT CASH SETTLEMENT ON TERMS
MORE DIRECTLY RELATED TO TAW'S CLAIM OF 19.5
MILLION DOLLARS (LESS THIRD PARTY ENTRIES). PROSPECT
OF RELEVANT CASH SETTLEMENT SEEN AS SUBSTANTIAL CHANGE
FROM PRIME MINISTER'S 8 MILLION DOLLAR ARBITRARY CASH
OFFER OF SOME WEEKS AGO.

3. EFFECTIVE REFERRAL OF CASE TO PRIVATE LAW FIRM FOR
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SETTLEMENT APPARENTLY HAS QUIET APPROVAL OF PRIME MINISTER

WHO REPORTEDLY UNDER CONTINUING PRESSURE FROM PRESIDENT TO ARRANGE SETTLEMENT. WOOD CAME TO ZAMBIA FROM WEST COAST OF AFRICA IN RESPONSE TO PRIME MINISTER'S HANDWRITTEN NOTE TO TAW LOCAL LAWYER REQUESTING WOOD'S PRESENCE. HOWEVER, WOOD DID NOT SEE PRIME MINISTER THIS TIME.

4. IN MEETINGS ATTENDED BY CHIBESAKUNDA BUT VIRTUALLY CHAIRED BY MUNG'OMBA, LATTER ASKED FOR COMPLETE FILE ON CASE. WOOD NOT QUITE SURE -- UNTIL HE RECEIVES LETTER -- WHETHER DOCUMENTATION DESIRED FOR ACTUAL SETTLEMENT PURPOSES OR BECAUSE MUNG'OMBA WISHES TO PREPARE HIMSELF FOR ZAMBIAN DEFENSE IN ARBITRATION. (IT WILL BE RECALLED GRZ GIVEN EXTENSION FOR SUBMISSION OF BETTER DOCUMENTED COUNTER CLAIM.) WOOD CAUTIOUS AND AGAIN INSISTED NEXT MEETING BE HELD IN LONDON WITH EACH SIDE BRINGING THEIR FULL TEAM OF LEGAL AND FINANCIAL EXPERTS SO THAT SETTLEMENT CAN BE WORKED OUT TO FINISH WITHOUT USUAL DISTRACTIONS AND DELAYS FROM OTHER GOVERNMENT BUSINESS IN LUSAKA. ZAMBIAN SIDE CONTINUES SKITTCSH ABOUT CHANGE OF VENUE BUT MUNG'OMBA STUDYING MATTER. WOOD APPRECIATES ZAMBIANS WOULD PROBABLY HAVE PROBLEM OF DELEGATION OF AUTHORITY IN LONDON, BUT HE SEES THIS AS ONLY REASONABLE COURSE FOR EACH SIDE TO MEET HALF WAY AND DEVOTE FULL TIME TO SETTLEMENT.

5. WOOD STILL CONVINCED ON BASIS INFORMATION OBTAINED FROM HIGH LEVEL INFORMANTS THAT ANY SETTLEMENT OF CASE WOULD WORK TO DISTINCT POLITICAL DISADVANTAGE OF PRIME MINISTER AS IT WOULD REPRESENT REVERSAL OF PRIME MINISTER'S EARLIER ORDER TO CANCEL CONTRACT.

6. WHILE WOOD'S SPIRITS ALWAYS REMARKABLY GOOD, HE LEFT LUSAKA ON DISTINCT UPBEAT NOTE, GUARDEDLY OPTIMISTIC AND BELIEVING HIS PATIENCE MAY FINALLY BE REWARDED. EVEN OUR FORMER OPPONENTS ARE WISHING US WELL, WOOD SAID. HE ALSO BELIEVES POSSIBILITY STILL EXISTS AFTER SETTLEMENT FOR FORMATION OF JOINT PARTNERSHIP WITH GRZ. COMPANY WOULD HAVE LION'S SHARE
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OF ZAMBIAN TRANSPORT BUSINESS, HE CONTENTS.

7. WE DO NOT KNOW UNTIL WE HEAR FROM GRZ OFFICIALS TO WHAT EXTENT WOOD'S SILVER LINING OUTLOOK IS FOR USG BENEFIT (GIVEN TAW'S FINANCIAL STRAITS) OR FOR REAL. SOLICITOR GENERAL TOLD ME ON DEC 13 SHE MOST ANXIOUS FOR A CHAT BUT PARTY NATIONAL COUNCIL MEETING HAD ABSORBED HER TIME LAST FEW DAYS.

WILKOWSKI

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